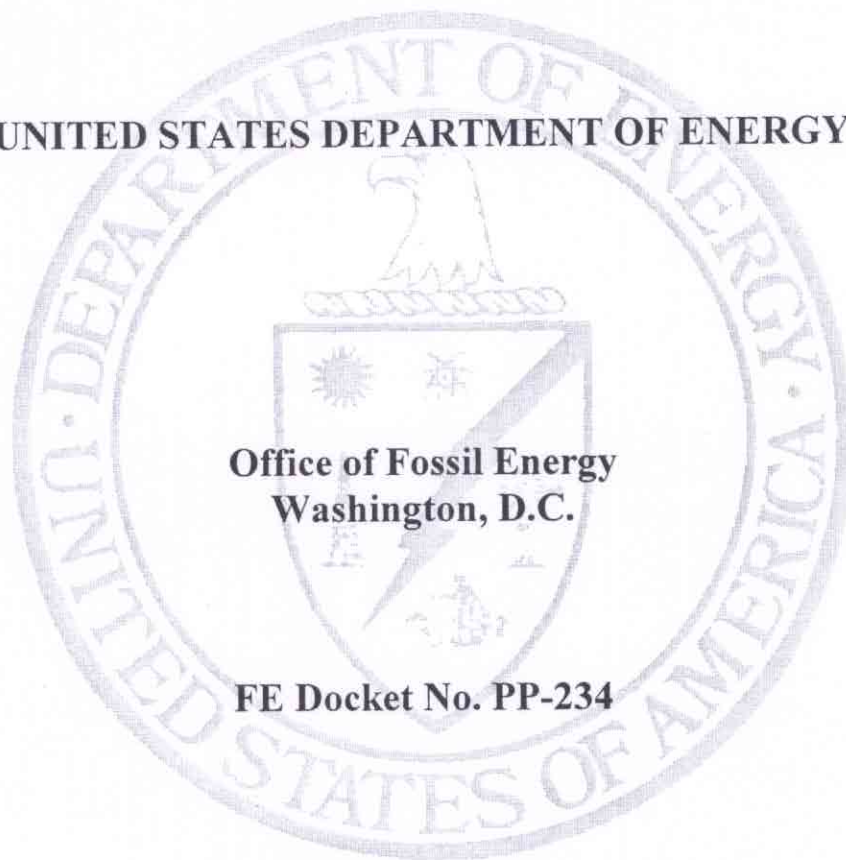


UNITED STATES DEPARTMENT OF ENERGY



**Office of Fossil Energy
Washington, D.C.**

FE Docket No. PP-234

BAJA CALIFORNIA POWER, INC.

Presidential Permit

Order No. PP-234

December 5, 2001

PRESIDENTIAL PERMIT

BAJA CALIFORNIA POWER, INC.

ORDER NO. PP-234

I. BACKGROUND

The Office of Fossil Energy (FE) of the Department of Energy (DOE) has the responsibility for implementing Executive Order (EO) 10485, as amended by EO 12038, which requires the issuance of Presidential permits for the construction, operation, maintenance, and connection of electric transmission facilities at the United States international border.

On February 27, 2001, Baja California Power, Inc. (BCP) applied to FE for a Presidential permit to construct, operate, maintain, and connect a double-circuit 230,000-volt (230-kV) transmission line that would extend approximately 6 miles from San Diego Gas & Electric Company's (SDG&E) existing Imperial Valley Substation to the U.S.-Mexican border. At the border, the line would connect with similar transmission facilities constructed in Mexico by Energia de Baja California (EBC) and extend to a new 310-MW powerplant being constructed by EBC at Mexico's La Rosita Power Complex. The subject transmission facilities would be used to deliver electric energy from the new EBC powerplant (and possibly other Mexican electric powerplants) onto the southern California electrical grid.

Notice of BCP's application for a Presidential permit was published in the *Federal Register* on March 22, 2001, (66 FR 16044) requesting that comments, protests, and petitions to intervene be submitted to DOE by April 23, 2001. Comments were received from the County of Imperial, California, and the Imperial County Air Pollution Control District.

The Secretary of State and the Secretary of Defense have concurred in the issuance of a Presidential permit to BCP for the proposed facility.

II. DISCUSSION

The comments received in response to the *Federal Register* notice raised concerns about air emissions from the associated Mexican powerplants. DOE has thoroughly addressed this issue in the environmental assessment prepared in this proceeding.

As part of its permit application, BCP submitted technical studies demonstrating the operation of the regional electric system with and without the proposed international transmission facilities in service. These studies were coordinated with SDG&E, Imperial

Irrigation District and the California Independent System Operator (CAISO). The results of the system power flow, short circuit, transient stability, and post-transient stability studies demonstrate that the installation and operation of the proposed facilities will result in acceptable system performance consistent with CAISO and Western Systems Coordinating Council applicable planning criteria. However, this conclusion is based upon the development and implementation of a Remedial Action Scheme that would adjust power inflows over the subject facilities during certain system operating conditions and/or contingencies. Therefore, this permit is conditioned upon the development and implementation of such a Remedial Action Scheme and adherence to its provisions by BCP.

In the March 22, 2001 *Federal Register* notice, FE referred readers to an administrative proceeding noticed in the *Federal Register* on July 27, 1999, indicating DOE's intention to require recipients of Presidential permits to provide non-discriminatory open access transmission services over their international transmission lines. The electrical configuration of the subject facilities renders them a radial line that could only be used to connect the EBC powerplant to the Imperial Valley Substation. It is not possible for the subject facilities to be operated in parallel with the regional electrical grid. Such a situation makes the subject facilities unavailable for third party use and, therefore, DOE will not place an open access condition on the facilities authorized by this Permit.

III. FINDING AND DECISION

DOE has assessed the impact that the construction and operation of the proposed international transmission facilities would have on the reliability of the U.S. electric power supply system. Based on the information in the docket and as discussed above, DOE has determined that the installation and operation of the proposed international transmission facilities by BCP, as conditioned herein, would not adversely impact the reliability of the U.S. electric power supply system.

DOE has also determined that the issuance of this Presidential permit clearly would not constitute a major Federal action which could significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969. DOE has documented the rationale supporting this finding in a Finding of No Significant Impact, dated December 5, 2001.

IV. ORDER

Pursuant to the provisions of EO 10485, as amended by EO 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, section 205.320 et. seq.),

permission is granted to BCP to construct, operate, maintain, and connect electric transmission facilities at the international border of the United States and Mexico, as further described in Article 2 below, upon the following conditions:

Article 1. The facilities herein described shall be subject to all conditions, provisions and requirements of this permit. This permit may be modified or revoked by the President of the United States without notice, or by DOE after public notice, and may be amended by DOE after proper application thereto.

Article 2. The facilities covered by and subject to this permit shall include the following facilities and all supporting structures within the right-of-way occupied by such facilities:

Two 230,000-volt electric transmission circuits installed on a single set of steel lattice towers and extending from SDG&E's Imperial Valley Substation approximately 6 miles south to the U.S. international border.

These facilities are more specifically shown and described in the application filed in this docket.

Article 3. The facilities described in Article 2 above shall be designed and operated in accordance with the applicable criteria established by the Western Systems Coordinating Council, the California Independent System Operator, and consistent with that of the North American Electric Reliability Council or their successors. BCP shall participate in the development of and adhere to the requirements of a Remedial Action Scheme designed to adjust the operation of the subject facilities so as to maintain system reliability during varying system operating conditions and/or contingencies.

Article 4. No change shall be made in the facilities covered by this permit or in the authorized operation of these facilities unless such change has been approved by DOE.

Article 5. BCP shall at all times maintain the facilities covered by this permit in a satisfactory condition so that all requirements of the National Electric Safety Code in effect at the time of construction are fully met.

Article 6. The operation and maintenance of the facilities covered by this permit shall be subject to the inspection and approval of a properly designated representative of DOE, who shall be an authorized representative of the United States for such purposes. BCP shall allow officers or employees of the United States, with written authorization, free and unrestricted access into, through, and across any lands occupied by these facilities in the performance of their duties.

Article 7. BCP shall investigate any complaints from nearby residents of radio or television interference identifiably caused by the operation of the facilities covered by this permit. BCP shall take appropriate action as necessary to mitigate such situations. Complaints

from individuals residing within one-half mile of the center of the transmission line are the only ones which must be resolved. BCP shall maintain written records of all complaints received and of the corrective actions taken.

Article 8. The United States shall not be responsible or liable: for damages to or loss of the property of, or injuries to, persons; for damages to, or loss of the facilities covered by this permit; or for damages to, or loss of the property of, or injuries to the person of BCP officers, agents, servants or employees or of others who may be on said premises; any of which may arise from or be incident to the exercise of the privileges granted herein; and BCP shall hold the United States harmless from any and all such claims.

Article 9. BCP shall arrange for the installation and maintenance of appropriate metering equipment to record permanently the hourly flow of all electric energy transmitted between the United States and Mexico over the facilities authorized herein. BCP shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Mexico. BCP shall furnish annual reports to DOE, by the 15th of February each year, detailing for each month of the previous year: (1) the gross amount of electricity imported into the U.S., in kilowatt hours; (2) the consideration associated with the import; and (3) the maximum hourly rate of transmission, in kilowatts. Annual reports must be filed regardless of current activity and whether or not receipts of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" for the previous year is sufficient.

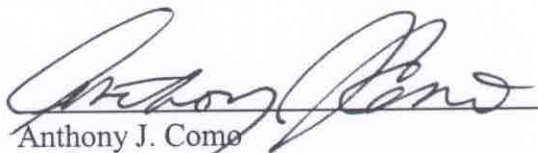
Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

Article 10. Neither this permit nor the facilities covered by this permit, or any part thereof, shall be transferable or assignable, except in the event of the involuntary transfer of the facilities by the operation of law. In the case of such an involuntary transfer, this permit shall continue in effect for a period of 60 days and then shall terminate unless an application for a new permit pursuant to Title 10, Code of Federal Regulations, section 205.323, has been received by DOE. Upon receipt by DOE of such an application, this existing permit shall continue in effect pending a decision on the new application. During this decision period, the facilities authorized herein shall remain substantially the same as before the transfer.

Article 11. Upon the termination, revocation or surrender of this permit, the 230-kV transmission facilities which are owned, operated, maintained, and connected by BCP and described in Article 2 of this permit, shall be removed and the land restored to its original condition within such time as DOE may specify and at the expense of BCP. If BCP fails to remove such facilities and/or any portion thereof authorized by this permit, DOE may direct that such actions be taken for the removal of the facilities or the restoration of the land associated with the facilities at the expense of BCP. BCP shall have no claim for damages by reason of such possession, removal or repair. However, if certain facilities authorized herein are useful for other utility operations within the bounds of the United States, DOE will not require that

those facilities be removed and the land restored to its original condition upon termination of the international interconnection.

Issued in Washington, D.C. on December 5, 2001.

A handwritten signature in black ink, appearing to read "Anthony J. Como", written over a horizontal line.

Anthony J. Como
Deputy Director, Electric Power Regulation
Office of Coal & Power Import & Export
Office of Coal & Power Systems
Office of Fossil Energy